



U.S. Department of Justice

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PRESS RELEASE

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Leader of D.C. property tax refund fraud scheme sentenced to 17 ½ years

Washington, D.C. - Harriette Monica Walters, 52, of Washington, D.C., was sentenced this morning in federal court to 17 ½ years and 6 months of incarceration for her 18-year-long, \$48 million fraud scheme at the District of Columbia Office of Tax and Revenue, Acting U.S. Attorney for the District of Columbia Channing D. Phillips, U.S. Attorney for the District of Maryland Rod J. Rosenstein, Joseph Persichini, Jr., Assistant Director in Charge of the FBI's Washington Field Office, Charles Willoughby, Inspector General for the District of Columbia, Special Agent in Charge C. Andre' Martin of the Internal Revenue Service Criminal Investigation Division, J. Russell George, Inspector General for Tax Administration of the U.S. Treasury Department, and District of Columbia Chief Financial Officer Natwar M. Gandhi jointly announced today.

Today's sentencing follows Walters's guilty plea on September 16, 2008, before United States District Judge Emmet G. Sullivan, to wire fraud, money laundering conspiracy, federal tax evasion, and District of Columbia tax evasion. In addition to imposing the term of imprisonment, Judge Sullivan also ordered that Walters pay over \$48 million in restitution and forfeiture and approximately \$16 million in taxes owed to the federal and District of Columbia governments.

According to the 114-page Statement of the Offenses stipulated to by Walters, the scheme to defraud OTR began in 1989 and lasted eighteen years, until Walters and others were arrested in November 2007. A manager in the Real Property Tax Unit, Walters used her experience and her knowledge of the District of Columbia's property tax refund process to prepare 226 fraudulent property tax refund vouchers. As the leader of a sophisticated conspiracy, Walters embezzled \$48,115,419.09 from the District of Columbia over the eighteen years of her scheme.

Walters prepared the fraudulent property tax vouchers and then used her position of authority to shepherd the fraudulent vouchers through the approval process. Walters procured the fraudulently obtained property tax refund checks and gave them to her co-conspirators to deposit or cash. Walters

and her co-conspirators then shared the proceeds of her scheme. Walters spent a significant portion of these proceeds on gambling trips and on expensive clothing and jewelry. Walters also gave large amounts of the proceeds to friends, family members, and co-workers. Walters was aided in her ability to distribute the proceeds from the fraudulently obtained property tax refund checks by bringing a bank employee into the conspiracy.

The breadth and scope of Walters's scheme increased over time. At the beginning of the scheme, Walters prepared individual fraudulent property tax refund vouchers that were in amounts just over \$4,000.00. By the end, in 2007, Walters prepared a fraudulent property tax voucher that was in excess of \$500,000.00. The amount Walters stole each year also generally increased, from \$31,734.57 in 1989 to a high of \$8,641,750.34 in 2004.

Harriette Walters is the last of eleven defendants in this scheme to be sentenced:

- Walters's niece, Jayrece Turnbull, 35, was sentenced to 108 months of imprisonment;
- Walters's nephew, Ricardo Walters, 34, was sentenced to 78 months of imprisonment;
- Walters's brother, Richard Walters, 50, was sentenced to 51 months of imprisonment;
- Walters's friend and former banker, Walter Jones, 35, was sentenced to 78 months of imprisonment;
- Walters's friend and mentor, Patricia Steven, 74, was sentenced to 70 months of imprisonment;
- Walters's friend and the owner of her hair salon, Samuel Earl Pope, 62, was sentenced to 51 months of imprisonment;
- Walters's friend, Connie Alexander, 53, was sentenced to 46 months of imprisonment;
- Walters's friend, Robert Steven, 56, was sentenced to 46 months of imprisonment;
- Walters's friend, Alethia Grooms, 53, was sentenced to 37 months of imprisonment; and
- Walters's friend and personal shopper, Marilyn Yoon, 41, was sentenced to 366 days of imprisonment.

In announcing today's sentence, Acting U.S. Attorney Phillips and U.S. Attorney Rosenstein, Assistant Director in Charge Persichini, Inspector General Willoughby, Special Agent in Charge Martin, Inspector General George, and Chief Financial Officer Gandhi commended the outstanding and dedicated team that has investigated the OTR tax fraud scheme, including: the FBI Special Agents and support personnel who worked on the matter; IRS CID Special Agent Nicole Davis; TIGTA Special Agent Edward Bosak; Director of Internal Security Charles Fultz and Senior Investigator Donna Tolliver, of the OCFO Office of Integrity and Oversight; D.C. OIG Special Agent

Kerthalia Peavely; and Special Agent Kevin Craddock and Tax Auditor James LeSane of OTR.

Acting U.S. Attorney Phillips commended Paralegal Specialist Diane Hayes; Criminal Investigator Diane Eickman; Legal Assistants Jamasee Lucas and Lisa Robinson; Litigation Support Specialist Joseph Calvarese; Assistant U.S. Attorney Diane Lucas, of the Asset Forfeiture Unit of the U.S. Attorney's Office for the District of Columbia; and the leadership and staff of the Fraud and Public Corruption Section of the United States Attorney's Office for the District of Columbia, including Chief Steven Durham and Deputy Chief Howard Sklamberg.

Finally, Acting U.S. Attorney Phillips and U.S. Attorney Rosenstein commended the prosecutors who handled the case: Assistant U.S. Attorneys Timothy G. Lynch and David S. Johnson, of the Fraud and Public Corruption Section of the U.S. Attorney's Office for the District of Columbia; and Assistant U.S. Attorneys Jonathan Su and Deborah Johnston, of the U.S. Attorney's Office for the District of Maryland.

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